

State of North Carolina

INSERT NAME

Cash Management Plan-School Administrative Units

Statutory Policy

North Carolina law, Chapter 147-86.10 of the General Statutes, requires that "all agencies, institutions, departments, bureaus, boards, commissions and officers of the State...shall devise techniques and procedures for the receipt, deposit and disbursement of moneys coming into their control and custody which are designed to maximize interest-bearing investment of cash and to minimize idle and nonproductive cash balances."

Plan Administration

The State Controller, with the advice and assistance of the State Treasurer, the State Budget Officer and the State Auditor, is charged with developing and implementing a uniform statewide plan to carry out the cash management policy for all State agencies, departments and institutions. This Statewide Cash Management Plan outlines the policies, duties, responsibilities and requirements for cash management within State government on a broad basis. It is the responsibility of each school administrative unit to prepare a cash management plan that meets both the requirements of the Statewide Plan and the unique cash management needs of the individual school administrative unit.

Each school administrative unit will identify who will have cash management responsibility. **(INSERT INDIVIDUAL POSITIONS THAT HAVE THE RESPONSIBILITY OF DEVELOPING, ADMINISTERING AND APPROVING THE CASH MANAGEMENT PLAN.)** Plans will be submitted to the Office of the State Controller for approval. School administrative units will maintain a copy of their approved plan for auditor review.

Plan Requirements

Cash Management Over Receipts:

The objectives of cash management over receipts are to use diligence in collecting funds owed to the State, to provide internal control over cash and cash equivalents and to expedite the movement of monies collected into interest bearing accounts. To accomplish these objectives, all plans adopted will include these rules:

1. Except as otherwise provided by law, all funds belonging to the State of North Carolina, and received by an employee of the State in the normal course of their employment shall be deposited as follows:

a. All monies received shall be deposited with the State Treasurer pursuant to G.S. 147-77 and G.S. 147-69.1.

b. Monies received in trust for specific beneficiaries for which the employee-custodian has a duty to invest shall be deposited with the State Treasurer under the provisions of G. S. 147-69.3.

2. Monies received shall be deposited daily in the form and amounts received, except as otherwise provided by law. To insure compliance, please include the school administrative units' daily deposit cutoff time and schedule. Please note any approved (by the Department of the State Treasurer) exceptions to the daily deposit requirement.

- **OUTLINE PROCEDURES FOR CASH RECEIPTS RECEIVED VIA MAIL AND ON-SITE. EXPLAIN CASHIERING FUNCTIONS AND INCLUDE DAILY DEPOSIT CUTOFF TIMES AND SAFEGUARDING PROCEDURES.**
- **DESCRIBE ANY STATE TREASURER APPROVED EXCEPTIONS TO THE DAILY DEPOSIT AND REPORTING ACT.**
- **INCLUDE YOUR RETURN CHECK FEE POLICY.**
- **INCLUDE RETURNED ITEMS AND MONEY DEPOSITED IN ERROR POLICIES.**
- **INCLUDE ANY APPLICABLE PROCEDURES FOR WIRE TRANSFERS.**

3. Monies due to a school administrative unit from other governmental agencies or from private persons shall be promptly billed, collected and deposited. All school administrative units will establish accounts receivable management policies and procedures. These policies and procedures will be included as a part of school administrative units' cash management plan.

- **INCLUDE ACCOUNTS RECEIVABLE BILLING, COLLECTION AND WRITE OFF POLICIES AND PROCEDURES.**

4. School administrative units shall accept electronic payments (credit cards, debit cards and electronic funds transfers) in accordance with G.S. 147-86.22, to the maximum extent possible and consistent with sound business practices. All units will establish policies and procedures necessary to facilitate the use of electronic payments. These policies and procedures will be included as a part of the school administrative units' cash management plan.

- **INCLUDE ELECTRONIC PAYMENT ACCEPTANCE POLICIES AND PROCEDURES.**

In addition to adhering to these guidelines, school administrative unit plans shall employ proven techniques, which improve cash handling. Some of those techniques include:

- Special post office boxes to facilitate the processing of large remittances.
- Color coded mailing labels and envelopes to identify remittances for special handling.
- Separate addresses to distinguish remittances from other mail.
- Reassignment of personnel, or the hiring of temporary personnel, when this proves cost effective, to accelerate the processing of remittances during peak periods.
- Deposits made by units outside Raleigh should be made with cash concentration banks designated by the State Treasurer.

- The evaluation and establishment of lock-boxes in areas which are large sources of remittances, but which are geographically distant from the nearest State agency office. Lock-boxes are locked Post Office boxes tended by banking agents. These allow quicker cash collection in areas which are not served by agency offices.
- The use of remittance processing equipment when justified by the volume of deposits.
- Establishing billing schedules which are both efficient and lead to earlier receipt of monies due to the State.
- Timing deposits in order to receive current day credit in accordance with schedules available from the State Treasurer.

Cash Management over Disbursements:

The objective of managing disbursements is to maintain funds in interest-bearing accounts for the longest appropriate period of time. This allows the State to recognize the maximum earning potential on its funds. This is not intended to encourage late payment or have a negative impact on relationships with firms who, in good faith, supply goods and services to the State. The following rules should be included in all plans:

1. Monies deposited with the State Treasurer remain on deposit with the State Treasurer until final disbursement to the ultimate payee.

- **OUTLINE PROCEDURES FOR CASH DISBURSEMENTS AND INCLUDE BANK RECONCILIATION PROCEDURES.**

2. As provided in Section 147-86.10, the order in which appropriations and other available resources are expended shall be subject to the provisions of the Executive Budget Act, G.S. 143-27, regardless of whether the school administrative unit disbursing or expending the monies is subject to the Act.

3. Federal and other reimbursements of expenditures paid from State funds shall be paid immediately to the source of the State funds.

4. Billings to the State for goods received or services rendered shall be paid neither early nor late but on the discount date or the due date to the extent practicable.

5. Disbursement cycles for each agency shall be established to the extent practicable so that the overall efficiency of the warrant disbursement system is maximized while maintaining prompt payment of bills due.

6. Electronic Funds Transfer (EFT) should be used for certain payments between State and local units, vendors and employees when it is determined to be mutually beneficial to both parties.

7. Delegation of Disbursing Authorities must be kept current and must be approved by the State Controller.